

BLUE RIBBON PANEL
Department of Transportation Building
105 West Capitol
Jefferson City, Missouri
January 28, 2003

Minutes of Meeting

Meeting Notice

The Blue Ribbon Panel appointed by the Missouri Highways and Transportation Commission (MHTC) met on Tuesday, January 28, 2003, in the Department of Transportation Building, 105 West Capitol, Jefferson City, MO. The meeting convened at 11 a.m.

The meeting agenda, showing the date, time, and location of the meeting, was posted in keeping with Section 610.020 of the 2000 Revised Statutes of Missouri, as amended.

Attendance

Members present:

Dr. Jack Magruder, Chairman
Ray Beck
Jim Henson
Tom Irwin
Freeman McCullah
John Mehner
Karen Messerli
Joe Ortwerth
Larry R. Stobbs
Morris Westfall

Members absent:

Emanuel Cleaver
Steve Roberts

MoDOT Staff present and providing resource information:

Pat Goff, Chief Operating Officer
Rich Tiemeyer, Chief Counsel
Don Hillis, Director of Operations
Dave Nichols, Director of Project Development
Rich Hood, Director of Communications
Cheryl Ball, Long Range Transportation Planning Coordinator

Summary of Meeting

Welcome – Ollie Gates, Chairman, Highways and Transportation Commission.

Mr. Ollie Gates, Missouri Highways and Transportation Commission Chairman, welcomed the members of the Blue Ribbon Panel, and thanked them for their willingness to review the operations of MoDOT and the Commission with a view toward identifying issues related to accountability, credibility, and efficiency. He stated that the Commission would welcome recommendations by the panel to ensure the Commission and MoDOT are providing optimal transportation service to Missouri citizens.

Introductions.

Chairman Magruder noted that the past experience and different backgrounds of the panel members, as well as their personal standing within their communities, would prove beneficial as the panel seeks to identify recommendations to improve Missouri's transportation infrastructure.

The members introduced themselves.

Charge of the Blue Ribbon Panel.

Chairman Magruder stated that many people in Missouri perceive that something is terribly wrong as it pertains to accountability, credibility, and efficiency at MoDOT. He expressed his hope that the panel could objectively review information pertaining to these areas and be able to come forth with recommendations that are positive, specific, and will result in long-term public good for Missouri. Toward that end, he offered an opportunity for each member of the media to offer comments, but no comments were made. Chairman Magruder expressed appreciation to the members of the media for their attendance and interest and asked them to help the panel accomplish its mission. He also expressed appreciation to the members of the public who were attending the meeting.

Chairman Magruder read the charge for the panel as adopted by the Missouri Highways and Transportation Commission at its meeting on January 10, 2003:

1. Review the constitutional, statutory and rule provisions regarding the issue of governance for the Commission and MoDOT and make recommendations for future modifications.
2. Review the constitutional, statutory and rule provisions regarding the issues of accountability, credibility and efficiency and make appropriate recommendations for future modifications.
3. Review all federal and state funds that MoDOT currently receives and make appropriate recommendations, including how to maximize and increase said revenue. This review must include how much transportation revenue – fuel tax, vehicle license and registration fees, etc. – is appropriated to other government agencies.
4. Review how MoDOT spends all federal and state funds currently received and make appropriate recommendations.

5. Compare MoDOT to other state departments of transportation regarding funding sources, organization, funding for all modes of transportation, miles maintained and owned, change order costs, bidding methods, and any other comparable and relevant issues, and make appropriate recommendations.
6. Review all appropriate MoDOT and Commission operations and activities and make recommendations that could improve efficiency, accountability and public trust.
7. Any other issue the Commission or panel deems worthy of review.

Review of Reference Materials - MoDOT Staff.

MoDOT Chief Operating Officer Pat Goff distributed a notebook titled, "Missouri's Transportation System," and reviewed a portion of the information therein. During the presentation, the panel members discussed several issues, requested specific information, and proposed future agenda topics. A summary of those discussions and a listing of the requested information and proposed agenda items follow.

MoDOT Strategic Priorities

Mr. Goff explained that MoDOT's strategic priorities were (1) taking care of the existing system, (2) finishing what has been started, such as gaps in corridor projects, and (3) building public trust. Mr. Goff clarified that the limited funds available for taking care of the existing system in the 1992 Plan and prior to 1992 had resulted in the number of miles of "good" or "better" classified roads declining rather than increasing. He stated that \$500 million to \$600 million annually would be needed to place 75-80% of the roadways on the National Highway System in "good" or "better" condition in a ten-year period.

Mr. Goff further noted that due to the limited funding available to address transportation needs in Missouri, the Commission at its January 10, 2003, meeting had increased the annual allocation to taking care of the existing system to \$400 million annually with the remainder of the construction funds being available for new construction projects, many of which will complete gaps in major corridors. The \$400 million allocation will stop the declining condition of the system.

Mr. Ortwerth proposed a later debate of the panel members regarding whether MoDOT strategic priorities are appropriate.

Commission Appointed Employees

The staff clarified for Mr. Ortwerth that the Director, Chief Counsel, and Secretary to the Commission are appointed by and report directly to the Commission. Attorneys statewide report through lines of supervision to the Chief Counsel. All other employees report through lines of supervision to the Director. Mr. Goff further stated that the Chief Engineer, Chief Operating Officer, and Chief Financial Officer positions were created by legislation, but these positions serve under the Director.

Mr. Goff further clarified for Mr. Ortwerth that the head of the MoDOT district offices (currently the title for this position is District Engineer) does not have to be a professional engineer, although there are functions within the district that must be performed by a professional engineer. The Chief Engineer, as set out in the statutes, however, must be a professional engineer.

Missouri's Fuel Tax and Mileage Ranking

The MoDOT staff clarified that Missouri ranks 41st in amount of fuel tax per gallon and has the 7th largest roadway system.

Selecting Transportation Improvement Priorities Decision-Making Process

In response to an inquiry from Chairman Magruder, MoDOT Long Range Transportation Planning Coordinator Cheryl Ball explained the process for selecting transportation improvement priorities. She noted that funds are first allocated to MoDOT's ten districts in keeping with the funding allocation method approved by the Commission at its January 10, 2003, meeting. This method considers a number of factors including vehicle miles of travel, population, employment, square foot of bridges and lane miles.

The MoDOT staff then identifies projects that need improvement based on a variety of factors, including traffic and physical condition of a road or bridge. From these identified needs, the MoDOT district staff works cooperatively with the regional governmental officials and through the regional planning commissions or metropolitan planning organizations to identify regional factors, such as school bus routes, the location of industrial parks, and economic development plans, in order to determine the highest priority needs.

Senator Westfall expressed concern that some regional planning commissions may not reflect the best interests of a region and further expressed concern that by using such a process, MoDOT appeared to be relinquishing its professional responsibility to determine roadway improvement priorities to others. He proposed that the panel further discuss involving regional planning commissions in the transportation improvement prioritization process at a future meeting.

In response to an inquiry from Mr. Ortwerth, Ms. Ball stated that the Missouri Association of Council of Governments had asked MoDOT to restructure its districts to align with the regional planning commission boundaries. She did not know whether a final decision had been made on this request.

After some explanation from MoDOT staff regarding the different levels of authority of regional planning commissions, metropolitan planning organizations, and transportation management areas, Mr. Ortwerth asked that the group pursue the issue further in an effort to determine exactly how much authority MoDOT has in the different areas of the state and identify the areas, if any, where local officials can supersede MoDOT's authority. This will identify all entities involved in the decision-making process. Toward that end, Ms. Ball will provide the group with a copy of federal regulations relevant to this issue.

Mr. Goff noted that while it was important to identify and understand the statutory and/or regulatory requirements for local involvement in transportation improvements, it was also important to recognize the negative aspects associated with lack of public input and involvement.

In response to Mr. Irwin, Ms. Ball stated that disagreements on project priorities rarely, if ever, occur between local planning organizations and MoDOT.

Ms. Messerli stated that discussing the public information issue, i.e., how to educate the public, and how to receive information from the public would be critical to the panel's mission.

MoDOT Employees

Mr. Goff explained that MoDOT had not increased its work force to accomplish the increased construction program made possible by bond financing, electing instead to outsource the additional workload. He noted that this strategy of staffing for workload valleys rather than peaks resulted in no change in staff levels as the construction program returned to pre-bonding levels. Mr. Goff further advised that the state of Indiana had experienced successive administrations with each one cutting staff by ten percent. This major cut in staff has resulted in a situation where the Indiana Department of Transportation is essentially managing consultants because of extensive outsourcing for services. Mr. Goff stated that MoDOT attempts to find a balance between outsourcing and staff levels.

Members of the panel asked for additional employment information, which is listed on page 8.

Condition of MoDOT Roadways

Mr. Goff emphasized that Missouri has far fewer dollars available for construction and maintenance of roadways than most other states. Missouri ranks 43rd in revenue received per mile. Mr. Goff felt the quality of Missouri roads would rank higher than 43rd, reflecting that MoDOT is making good use of the limited funds.

Mr. Beck and Mr. Henson asked for further information pertaining to the cost per mile for construction and maintenance of lettered, numbered, and interstate roads and bridges.

Responsibility for Missouri Roadways

Ms. Messerli noted that information in the “Missouri’s Transportation System” notebook states that MoDOT is maintaining the kinds of roads and bridges that are usually maintained by counties or cities in most other states. She asked for data supporting that statement.

Bonding

Mr. Goff reported that legislation allows the Commission to issue a maximum of \$2.25 billion in bonds over a specified six-year period of time. He said the strategy behind the legislation was to allow the roadway construction program to be jump-started in anticipation of additional funding. To date the Commission has committed to \$907 million in construction projects to be constructed with bond financing. Because additional funding has not been realized and because future bonding could compromise MoDOT’s ability to match federal funding as early as 2007, the Commission has decided not to issue further bonds until the revenue situation is more favorable.

Senator Westfall stated that it was the perception of some in the rural areas that the Commission elected not to issue further bonds because the funding distribution of such funds favored the rural areas (60% rural:40% urban). He suggested the panel review the history of the bonding program.

Toll Roads

Mr. Goff reported that the Commission does not have authority to construct toll roads; however, toll facilities can be constructed by a third party through statutory provisions for transportation corporations. He noted that public interest in tolling is increasing. MoDOT has reviewed its program to determine where tolling might be feasible.

Federal Highway Administrator Allen Masuda explained that tolls could be used for bridges on a federal highway, but could not be used on the roadway without a special demonstration project.

Rich Tiemeyer restated to clarify that state funds could not currently be used for toll facilities unless a transportation corporation was a part of the process.

Bike Trails and Sound Walls – Dedicated Federal Funding

Mr. Goff reported that bike trails and sound walls are constructed with federal funds that cannot be used for roadway improvements.

While Mr. Ortwerth agreed that the use of some federal funds is limited to certain purposes, he did not agree that they had to be used to construct sound walls. Both he and Mr. Goff stated that efforts are being made to reduce the amount dedicated to funding categories in future federal transportation funding acts in favor of increased flexibility.

Mr. Irwin suggested the MoDOT staff present its federal transportation reauthorization objectives at a future meeting.

Modes of Transportation other than Highways

Mr. Goff explained that modes of transportation other than highways are funded with federal money that is dedicated to each mode. In addition, limited funding is provided by state General Revenue. State highway funds cannot be used to fund other modes of transportation.

Senator Westfall suggested the panel discuss at a future time whether greater citizen support is received by proposing funding for all modes together or by considering the various modes individually.

Highway Dollars Expended by Other Entities

Senator Westfall explained to the group that highway funds allocated to other entities were generally for services that did, in fact, pertain to transportation. As a result, he said that legislation was recently enacted to move transportation related services from agencies, such as the Department of Economic Development and the Department of Natural Resources, to the Department of Transportation. He noted that the Department of Revenue continues to receive funds for the collection of highway user fees and the State Highway Patrol continues to receive highway funds for enforcement of motor vehicle laws. Constitutional provisions stipulate that the cost for these services shall be paid with highway funds; the General Assembly determines the level of appropriation. In addition, the General Assembly appropriates highway funds to the State Treasurer and the State Auditor.

Mr. Irwin said the reasons for allocation of funds to other entities may be appropriate, but the amount of the appropriations needs to be reconciled to actual expenditures.

Ms. Messerli pointed out that the public now has the perception that funds are being inappropriately diverted to non-highway related purposes. She felt that an explanation that can be understood by the public regarding this issue needed to be developed, and since it is an issue of credibility, it should be further pursued by the panel.

1992 Fifteen Year Plan

Mr. Goff explained that the projects in the 1992 Fifteen Year Plan remain MoDOT priorities. He stated that 94 percent of the projects in MoDOT's current plan were taken from the 1992 Fifteen Year Plan. He referred to the projects built to date, pointing out there were only

two circumstances where the projects varied from the plan. One of the exceptions involved improvements to accommodate an economic development project involving 3500 jobs; the other was an increase in funding for taking care of the current system.

The group discussed at length some potential reasons that the 1992 Fifteen Year Plan failed, such as change in the scope of the projects, changed conditions, estimates being made without sufficient data, no inflation factor, and change in design standards.

Mr. Beck noted that while the Fifteen Year Plan could not be accomplished with the money available to MoDOT, it was significant to note that all available money was used for transportation improvement projects, which has resulted in benefits received from the dollars spent.

The group recognized that the projects in the Fifteen Year Plan could not be accomplished, however, they concurred that the issue needs to be addressed by the panel because it continues to be an issue of concern to the public and involves MoDOT's credibility. Several members of the group stated that while appropriate to address the 1992 Fifteen Year Plan, the desired outcome would be to convey why it could not be accomplished and then move on cooperatively to address Missouri's critical transportation needs.

Senator Westfall suggested that to move forward, the public must be assured that highway funding is allocated on a needs basis. He proposed that the funding allocation method approved at the Commission's January 10, 2003, meeting be reviewed by the panel.

Proposition B

Mr. Goff said MoDOT had conducted a survey following the failure of Proposition B, which would have increased funding for transportation. He said the survey found that only 15% of the voters felt accountability was the problem. He said the survey indicated that the downturn in the economy was a major factor in voter rejection of the proposal, and he indicated that the campaign diverted attention from transportation needs. Mr. Goff did not feel that the case for needed highway improvements had been convincing enough for the citizens to increase taxes.

Mr. Irwin referred to a survey conducted by a national pollster following the defeat of Proposition B, wherein 46% of the respondents cited the word, "accountability." He noted, however, that accountability applied to government in general. Two-thirds of those voting in the election considered other tax issues on the ballot and rejected all of them. A copy of the survey results will be distributed to all members of the panel.

Mr. Ortwerth felt strongly that Missouri citizens recognized the need for transportation improvements but defeated Proposition B because they lacked confidence in MoDOT and the Commission. He felt that voter approval of Proposition A in 1987 reflected a higher level of credibility within MoDOT, as perceived by the public.

Mr. McCullah pointed out that both the tax increase proposals in 1987 and 1992 were accompanied by specific projects that were desired by the public. He suggested that determining why tax initiatives pass may be more revealing than why they fail.

Next Meeting Date

The panel members agreed to meet on Monday, February 17, 2003, from 11 a.m. to 3 p.m.

Requests for Information

Chairman Magruder asked the members to channel all requests for information of the MoDOT staff through his office to ensure that all members receive like information.

Adjournment

The Blue Ribbon Panel adjourned at 2:45 p.m.

Information Requested During the Meeting

1. The following information was requested pertaining to MoDOT's work force.
 - a. Break down of work force by areas of responsibility, such as function or role of the employees. (Ortwerth)
 - b. Organizational chart of the headquarters office showing the functional units and the reporting relationships. (Ortwerth)
 - c. Organizational chart of the district offices showing the functional units and the reporting relationship, as well as the relationship between the headquarters and district offices. (Ortwerth)
 - d. Information on centralization or decentralization with regard to administration, for example, how much direction comes from the headquarters office and how much authority is delegated to the district. This information should explain the flow of work that goes through MoDOT. (Ortwerth)
 - e. Information on employee cutbacks in recent years. (Ortwerth)
 - f. Amount of work outsourced, especially in the engineering area, and a narrative on MoDOT's outsourcing strategy compared to that of other states. (Ortwerth)
 - g. Number of MoDOT employees compared to other states. (Magruder)
2. Federal Regulations pertaining to authority of metropolitan planning commissions and regional planning commissions. (Ortwerth)
3. Information showing the cost per mile for construction and maintenance of lettered, numbered, and interstate roads. (Beck)
4. Information showing the cost as it pertains to bridges on the various highway systems. (Henson)
5. Information supporting statement that MoDOT is maintaining the kinds of roads and bridges that are usually maintained by counties or cities in most other states. (Messerli)
6. Poll results following failure of Proposition B.

Proposed future agenda items:

1. Start February 17 meeting with the last Q and A question in the “Missouri’s Transportation System” notebook, “How is MoDOT working to improve its accountability?”
2. Appropriateness of MoDOT’s strategic priorities. (Ortwerth)
3. Involvement of regional planning commissions in the transportation improvement prioritization process. (Westfall)
4. Determining how much authority MoDOT has in the different areas of the state, and identifying the areas, if any, where local officials can supersede MoDOT’s authority. (Ortwerth)
5. How to educate the public, and how to receive information from the public. (Messerli)
6. Review history of bonding program. (Westfall)
7. MoDOT’s position on federal transportation reauthorization act. (Irwin)
8. Discussion on whether greater citizen support is received by proposing funding for all modes together or by considering the various modes individually. (Westfall)
9. Overcoming perception that funds are being inappropriately diverted to non-highway related purposes (diversions). (Messerli)
10. Addressing credibility issues pertaining to Fifteen Year Plan. (Group consensus)
11. MoDOT’s funding allocation method. (Westfall)

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